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IFRS Global office
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IFRS in Focus
Closing out 2011

Contents

Introduction

This special edition of IFRS in Focus provides an overview of new and revised International Financial Reporting Standards (IFRSs) and IFRS Interpretations (Interpretations) that are either mandatorily effective for December 2011 calendar year-ends and subsequent accounting periods or can be early adopted. Although there are no new IFRSs that are mandatorily effective this year, there is one new interpretation, two amended interpretations and various amendments to existing IFRSs. Also, there are a number of new and amended standards and one new Interpretation that an entity may choose to early adopt for the year ending 31 December 2011. Consideration should always be given to the affect of any local endorsement or other regulatory or legal processes on an entity's ability to early adopt an IFRS or Interpretation.

This newsletter also provides a brief snapshot of the current status of International Accounting Standards Board (IASB) projects. For a more comprehensive analysis as well as practical tips and considerations, entities are encouraged to review past IFRS in Focus newsletters issued on these standards and interpretations. These newsletters are available on www.iasplus.com. As always, entities should refer to standards and interpretations themselves to identify all of the changes that may affect their particular circumstances.

New and revised Standards and Interpretations

The following tables provide a list of new and revised Standards and Interpretations in issue at December 2011 that are either effective, or available for early adoption, for 31 December 2011 calendar year-ends. All of the newsletters referred to in the tables below may be accessed at www.iasplus.com/iasplus/iasplus.htm.

For more information please see the following websites:

www.iasplus.com

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Mandatorily effective for 31 December 2011 year-ends

Amendments to Standards		Effective for annual periods beginning on or after	IFRS in Focus Newsletter issued
IFRS 1	IFRS 7 Short-term Disclosure Exemption	1 July 2010	February 2010
	IFRS 9 Short-term exemption	On adoption of IFRS 9	November 2009
	Three amendments to IFRS 1 – changes in accounting policies, deemed cost exemption for event-driven fair value measurements and deemed cost (rate-regulated entities)	1 January 2011	May 2010
IFRS 3	Amendments to IFRS 3 (2008)	1 July 2010	May 2010
IFRS 7	Amendments to IFRS 7	1 January 2011	October 2010
IAS 1	Amendment to IAS 1	1 January 2011	May 2010
IAS 24	Related Party Disclosures	1 January 2011	November 2009
IAS 27 (2008)	Amendment to IAS 27 (2008)	1 July 2010	May 2010
IAS 32	Classification of Rights Issues	1 February 2010	October 2009
IAS 34	Amendment to IAS 34	1 January 2011	May 2010
New Interpretation			
IFRIC 19	Extinguishing financial liabilities with equity instruments	1 July 2010	December 2009
Amended Interpretations			
IFRIC 13	Amendment to IFRIC 13	1 January 2011	May 2010
IFRIC 14	Prepayments of a Minimum Funding Requirement	1 January 2011	December 2009

Available for early adoption for 31 December 2011 year-ends

New and Amended Standards		Effective for annual periods beginning on or after	IFRS in Focus Newsletter issued
IFRS 1	Removal of Fixed Dates for First-time Adopters	1 July 2011	January 2011
	Severe Hyperinflation	1 July 2011	January 2011
IFRS 7	Enhanced Derecognition Disclosure Requirements	1 July 2011	October 2010
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2015	November 2009
	Additions to IFRS 9 for Financial Liability Accounting	1 January 2015	November 2010
IFRS 10	Consolidated Financial Statements	1 January 2013	May 2011
IFRS 11	Joint Arrangements	1 January 2013	May 2011
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013	May 2011
IAS 27 (2011)	Separate Financial Statements	1 January 2013	May 2011
IAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013	May 2011
IFRS 13	Fair Value Measurement	1 January 2013	May 2011
IAS 1 (2011)	Amendments to IAS 1	1 July 2012	June 2011
IAS 12	Amendments to IAS 12	1 January 2012	January 2011
IAS 19	Amendments to IAS 19	1 January 2013	June 2011
New Interpretation			
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013	October 2011

Mandatorily effective for 31 December 2011 year-ends

Amendments to IFRS 1 and IFRS 7: Improving Disclosures about Financial Instruments

Effective 1 July 2010

IFRS 1 was amended to exempt first-time adopters of IFRSs from providing the additional disclosures introduced by the March 2009 amendments to IFRS 7 *Improving Disclosures about Financial Instruments*. The amendments provide first-time adopters the same transitional provisions that the amendments to IFRS 7 provide to current IFRS preparers. These amendments are applicable to annual comparative periods ending before 31 December 2009, interim periods with an annual comparative period before 31 December 2009 and to any statement of financial position presented within these periods.

Amendments to IFRS 1 and IFRS 9 – *Financial Instruments*

Effective on adoption of IFRS 9

IFRS 9 was amended to defer the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 to annual periods beginning on or after 1 January 2015. Prior to the amendments, application of IFRS 9 was mandatory for annual periods beginning on or after 1 January 2013. The amendments continue to permit early application. The amendments modify the existing comparative transition disclosures in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and IFRS *7 Financial Instruments: Disclosures*. Instead of requiring restatement of comparative financial statements, entities are either permitted or required to provide modified disclosures on transition from IAS 39 *Financial Instruments: Recognition and Measurement* to IFRS 9 depending on the entity's date of adoption and whether the entity chooses to restate prior periods.

Amendments to IFRS 1 as part of Annual Improvements Project (AIP)

Effective 1 January 2011

The following amendments to IFRS1 were incorporated as part of Annual Improvements:

- **Accounting policy changes in the year of adoption:** This amendment provides clarification of the ability of a first-time adopter to make changes to its accounting policies and elective IFRS 1 exemptions prior to the issuance of its first annual IFRS financial statements. The amended guidance also identifies disclosures required in the event that a first-time adopter changes its policies or exemptions in the period between the first interim and first annual financial statements issued in the year of adoption.

- **Deemed cost exemption – Event-driven fair value measurements:** The deemed cost exemption was amended to enable the use of fair value measurements for events that occur between the date of transition and the end of the first annual IFRS reporting period. An example of such an event would be an Initial Public Offering or Privatisation. When the exemption is applied, the entity records the deemed cost adjustment through an entry to equity at the measurement date. The exemption does not provide the entity with any relief from the requirement to establish an IFRS-compliant measurement basis at the date of transition to IFRSs.

- **Deemed cost exemption – Entities subject to Rate-regulation:** This amendment to the deemed cost exemption relates to property, plant and equipment or intangible assets subject to rate regulation and allows a first-time adopter to use a previous GAAP carrying amount as deemed cost on transition to IFRSs. Where an entity elects to apply this exemption, an impairment test for the related assets is also required at the date of transition.

Amendments to IFRS 3 (2008) as part of AIP

Effective 1 July 2010

The following amendments to IFRS 3 (2008) were incorporated as part of Annual Improvements:

- **Measurement of non-controlling interests:** Specifies that the option to measure non-controlling interests either at fair value or at the proportionate share of the acquiree's net identifiable assets at the acquisition date under IFRS 3 (2008) applies only to non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other non-controlling interests are measured at their acquisition date fair value unless another measurement basis is required by IFRSs.

- **Un-replaced and voluntarily replaced share-based payment awards:** Specifies that the current requirement to measure awards of the acquirer that replace acquiree share-based payment transactions in accordance with IFRS 2 at the acquisition date ('market-based measure') applies also to share-based payment transactions of the acquiree that are not replaced.

- **Transitional requirements for contingent consideration from a business combination that occurred before the effective date of IFRS 3 (2008):** Clarifies that IAS 32 *Financial Instruments: Presentation*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* do not apply to contingent consideration that arose from business combinations whose acquisition dates preceded the application of IFRS 3 (2008).

Amendments to IFRS 7 as part of AIP

Effective 1 January 2011

IFRS 7 was amended as part of the Annual Improvements to clarify the existing disclosure requirements. The amendments encourage qualitative disclosures in the context of the quantitative disclosure that is required to help users to form an overall picture of the nature and extent of risks arising from financial instruments. This amendment also clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans.

Amendment to IAS 1 as part of AIP

Effective 1 January 2011

IAS 1 was amended as part of the Annual Improvements. The amendment clarifies that an entity may present the analysis of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements.

Amendments to IAS 24 – *Related Party Disclosures*

Effective 1 January 2011

The amendments to IAS 24 simplify the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government (referred to as government-related entities) and clarify the definition of a related party. IAS 24 was amended so that a reporting entity is exempt from the general disclosure requirements of IAS 24 in relation to related party transactions and outstanding balances (including commitments) with:

- a government that has control, joint control or significant influence over the reporting entity; and
- another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

If a reporting entity is exempt from the general disclosure requirements, the amendments require the reporting entity to disclose the name of the government and the nature of its relationship with the reporting entity (i.e., control, joint control or significant influence), the nature and amount of each individually significant transaction and other transactions that are collectively, but not individually, significant. A further amendment to IAS 24 simplified the definition of a related party, clarified its intended meaning and eliminated a number of inconsistencies.

Amendment to IAS 27 (2008) as part of AIP

Effective 1 July 2010

Following the issuance of IAS 27 (2008), a number of consequential amendments were made to IAS 21, 28 and IAS 31 and are to be applied prospectively (with the exception of the amendment to paragraph 35 of IAS 28 and paragraph 46 of IAS 31, which is applied retrospectively).

Amendments to IAS 32 – Classification of rights issues

Effective 1 February 2010

Under the amendment to IAS 32, rights, options and warrants – otherwise meeting the definition of equity instruments in IAS 32.11 – issued to acquire a fixed number of an entity’s own non-derivative equity instruments for a fixed amount in any currency are classified as equity instruments, provided the offer is made pro-rata to all existing owners of the same class of the entity’s own non-derivative equity instruments.

Amendment to IAS 34 as part of AIP

Effective 1 January 2011

IAS 34 was amended to provide a clarification around significant events and transactions to be disclosed in interim financial reports. The amendment emphasises that these interim disclosures should update the relevant information presented in the most recent annual financial report. The amendment also clarifies how to apply this principle in respect of financial instruments and their fair values.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

Effective 1 July 2010

The Interpretation addresses divergent accounting by entities issuing equity instruments in order to extinguish all or part of a financial liability (often referred to as “debt for equity swaps”). The Interpretation concludes that the issue of equity instruments to extinguish an obligation constitutes consideration paid. The consideration should be measured at the fair value of the equity instruments issued, unless that fair value is not readily determinable, in which case the equity instruments should be measured at the fair value of the obligation extinguished. Any difference between the fair value of the equity instruments issued and the carrying value of the liability extinguished is recognised in profit or loss. If the issue of equity instruments is to settle a portion of a financial liability, the entity should assess whether a part of the consideration relates to a renegotiation of the portion of the liability that remains outstanding.

Amendment to IFRIC 13 *Customer Loyalty Programmes* as part of AIP
Effective 1 January 2011
The amendment to IFRIC 13 provides clarification on the measurement of the fair value of award credits. The amendment requires that the 'fair value' of award credits should take into account the amount of discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale and any expected forfeitures.

Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement
Effective 1 January 2011
IFRIC 14 was amended to address an unintended consequence of IFRIC 14 where entities are in some circumstances not permitted to recognise prepayments of minimum funding contributions as an asset. IFRIC 14 (as originally issued) did not consider that a plan surplus may result from a prepayment of future minimum funding contributions and therefore, unintentionally reduced the economic benefits available in accordance with IAS 19.58 arising from voluntary prepayments of minimum funding contributions.

Under the amended IFRIC 14.20, if there is a minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions (and, therefore, the surplus that should be recognised as an asset) is comprised of:

a) any amount that reduces future minimum funding requirement contributions for future services because the entity made a prepayment (i.e. any amount that the entity has paid before being required to do so); and

b) the estimated future service cost in each period less the estimated minimum funding requirement contributions that would be required for future service in that period if there were no prepayment of those contributions as described in (a).

Further, the amendments clarify that while the amount calculated under (b) above may be negative for a given period (i.e. the estimated minimum funding requirement contribution for that period exceeds the estimated future service cost for that same period), the total amount calculated under (b) can never be less than zero. Accordingly, the economic benefit available as a reduction in future contributions will correspond, as a minimum, to the amount of the prepayment, if any.

Available for early adoption for 31 December 2011 year-ends

Amendment to IFRS 1 *First-Time Adoption of Financial Statements* – Removal of Fixed Dates for First-Time Adopter
Effective 1 July 2011
The amendment to IFRS 1 replaces specific dates incorporated in certain IFRS 1 requirements with the date of transition to IFRSs. Two of the existing first-time adoption provisions in IFRS 1 (derecognition of financial assets and liabilities and "day 1" gains and losses) previously included guidance designed to mirror the transitional provisions of IAS 39 including the applicable effective dates. This amendment provides relief to first-time adopters of IFRSs by replacing the date of prospective application from the fixed date of '1 January 2004' with 'the date of transition to IFRSs'.

Amendment to IFRS 1 *First-Time Adoption of Financial Statements* – Severe Hyperinflation
Effective 1 July 2011
The IASB amended IFRS 1 to provide guidance for entities emerging from severe hyperinflation. The guidance is applicable to entities that are either resuming the presentation of IFRS-compliant financial statements or presenting IFRS financial statements for the first time. In accordance with the amendments, when an entity's date of transition to IFRSs is on or after the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRSs and use that fair value as deemed cost of those assets and liabilities in the opening IFRS statement of financial position.

Amendment to IFRS 7 – Enhanced Derecognition Disclosure Requirements
Effective 1 July 2011
The IASB introduced enhanced disclosure requirements to IFRS 7 as part of its comprehensive review of off-balance sheet activities. The amendments are designed to ensure that users of financial statements are able to more readily understand transactions involving the transfer of financial assets (for example, securitisations), including the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. Disclosures are not required for comparative periods before the date of initial application of the amendments.

IFRS 9 *Financial Instruments* – Classification and Measurement of Financial Assets

Effective 1 January 2015

The 2009 version of IFRS 9 introduces new requirements for the classification and measurement of financial assets that are effective from 1 January 2015 with early adoption permitted. The requirements were issued in November 2009 as part of the gradual development and phase-in of the new financial instruments guidance. New requirements for classification and measurement of financial liabilities were also added a year later in November 2010 (see next section).

All recognised financial assets that are currently in the scope of IAS 39 will be measured at either amortised cost or fair value. A debt instrument (e.g. loan receivable) that is held within a business model whose objective is to collect the contractual cash flows and has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at amortised cost. All other debt instruments must be measured at fair value through profit or loss (FVTPL). A fair value option is available (provided that certain specified conditions are met) as an alternative to amortised cost measurement. For debt instruments not designated at FVTPL under the fair value option, reclassification is required between FVTPL and amortised cost, or vice versa, if the entity's business model objective for its financial assets changes so that its previous measurement basis no longer applies.

All equity investments within the scope of IFRS 9 are to be measured on the statement of financial position at fair value with the default recognition of gains and losses in profit or loss. Only if the equity investment is not held for trading can an irrevocable election be made at initial recognition to measure it at fair value through other comprehensive income (FVTOCI) with only dividend income recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

IFRS 9 does not retain IAS 39's concept of embedded derivatives for hybrid contracts if the host contract is a financial asset within the scope of IFRS 9. Consequently, embedded derivatives that would have been separately accounted for at FVTPL under IAS 39 because they were not closely related to the financial asset host will no longer be separated. Instead, the contractual cash flows of the financial asset are assessed in their entirety and the asset as a whole is measured at FVTPL if any of its cash flows do not represent payments of principal and interest as described by the Standard.

The effective date of IFRS 9, as originally issued, is for annual periods beginning on or after 1 January 2013, with early adoption permitted. However, in December 2011 the IASB deferred the mandatory effective date of IFRS 9 to annual periods beginning on or after 1 January 2015. Early application continues to be permitted.

IFRS 9 – Incorporation of requirements on the accounting for financial liabilities

Effective 1 January 2015

The 2010 revision to IFRS 9 retains the requirements for classification and measurement of financial assets that were published in November 2009 and also includes guidance on the classification and measurement of financial liabilities. Guidance on derecognition of financial instruments and related implementation guidance from IAS 39 *Financial Instruments: Recognition and Measurement* has also been incorporated into IFRS 9.

The guidance included in IFRS 9 retains the classification criteria for financial liabilities currently contained in IAS 39. However, there are two key differences, relating to presentation and measurement, compared to IAS 39:

- the presentation of the effects of changes in fair value attributable to a liability's credit risk; and
- the elimination of the cost exemption for derivative liabilities to be settled by delivery of unquoted equity instruments.

The presentation of the effects of changes in a liability's credit risk

The revised guidance about a liability's credit risk does not apply to all liabilities measured as at FVTPL. Financial liabilities held for trading and financial guarantee contracts that are designated under the fair value option would continue to be measured at fair value with all changes being recognised in profit or loss. For all other financial liabilities designated as at FVTPL using the fair value option, the revised guidance requires the amount of change in the liability's fair value attributable to changes in the credit risk to be recognised in other comprehensive income (OCI) with the remaining amount of change in fair value being recognised in profit or loss. However, if recognising the changes in fair value attributable to credit risk within OCI creates or increases an accounting mismatch, an entity would present the entire change in fair value within profit or loss.

The elimination of the cost exemption for derivative financial liabilities
The revised guidance removes the cost exemption for unquoted equity instruments and related derivative assets where fair value was not reliably determinable. The 2009 version of IFRS 9 retained the cost exemption for derivative liabilities that will be settled by delivering unquoted equity instruments whose fair value cannot be determined reliably (e.g. a written option where, on exercise, an entity would deliver unquoted shares to the holder of the option). However, the 2010 version of IFRS 9 removes this cost exemption so that all derivatives, whether assets or liabilities, are measured at fair value.

The 'Package of Five' New and Amended Standards

In May 2011, the IASB published its "package of five" new and amended standards addressing the accounting for consolidation, joint arrangements and disclosure of interests in other entities. Each of the five standards have an effective date for annual periods beginning on or after 1 January 2013, with earlier application permitted so long as each of the other standards in the 'package of five' are also early applied. However, entities are permitted to incorporate any of the disclosure requirements in IFRS 12 *Disclosure of Interests in Other Entities* into their financial statements without technically early applying the provisions of IFRS 12 (and thereby each of the other four standards).

IFRS 10 *Consolidated Financial Statements*
Effective 1 January 2013
IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investee, thus eliminating the risks and rewards approach included in SIC-12. IFRS 10 identifies the following three elements of control:

- power over the investee;
- exposure, or rights, to variable returns from involvement with the investee; and
- the ability to use power over the investee to affect the amount of the investor's returns.

An investor must possess all three elements to conclude it controls an investee. This assessment is based on all facts and circumstances and the conclusion is reassessed if there is an indication that there are changes to at least one of the elements of control.

The Standard also contains guidance on the following issues when determining who has control:

- assessment of the purpose and design of an investee;
- nature of rights – substantive or protective in nature;
- assessment of existing and potential voting rights;
- whether an investor is a principal or agent when exercising its controlling power;
- relationships between investors and how they affect control; and
- existence of power over specified assets only.

IFRS 10 requires retrospective application in accordance with IAS 8, subject to certain transitional provisions providing an alternative treatment in certain circumstances.

IFRS 11 *Joint Arrangements*
Effective 1 January 2013
IFRS 11 establishes two types of joint arrangements: joint operations (combining the existing concepts of jointly controlled assets and jointly controlled operations) and joint ventures (equivalent to the existing concept of a jointly controlled entity). The two types of joint arrangements are distinguished by the rights and obligations of those parties to the joint arrangement. In a joint operation, the parties to the joint arrangement (the 'joint operators') have rights to the actual assets and obligations for the liabilities of the arrangement. In contrast, in a joint venture, the parties to the arrangement (the 'joint venturers') have rights to the net assets of the arrangement. IFRS 11 provides guidance on determining the type of joint arrangement.

A joint operator recognises its share of the assets, liabilities, revenues and expenses in accordance with applicable IFRSs, while a joint venturer would account for its interest using the equity method of accounting under IAS 28 (revised 2011) *Investments in Associates and Joint Ventures*, thus eliminating the option of proportionate consolidation for interests in joint ventures.

When adoption of IFRS 11 requires a change in accounting for joint arrangements, the impact of the change is calculated as at the beginning of the earliest period presented and the comparative periods are restated.

IFRS 12 *Disclosure of Interests in Other Entities*
Effective 1 January 2013
IFRS 12 combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates and structured entities into one comprehensive disclosure standard. Many of the disclosure requirements were previously included in IAS 27, IAS 31 or IAS 28, whilst others are new.

IAS 27 *Separate financial statements*
Effective 1 January 2013
IAS 27 has been amended for the issuance of IFRS 10 but retains the current guidance for separate financial statements.

IAS 28 *Investments in Associates and Joint Ventures*
Effective 1 January 2013
IAS 28 has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11.

IFRS 13 *Fair Value Measurement*
Effective 1 January 2013
IFRS 13 was issued in May 2011 and establishes a single framework for measuring fair value and is applicable for both financial and non-financial items. The Standard does not include requirements on when fair value measurement is required; it prescribes how fair value is to be measured if required by another Standard.

IFRS 13 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This is sometimes referred to as an "exit price". The guidance then stipulates certain key attributes relevant to fair value measurement which an entity is required to determine in order to arrive at an appropriate measure of fair value under IFRS 13. Specifically, the entity must identify the unit of account to be fair valued (e.g. the asset or liability being measured), the principal market in which an orderly transaction would occur and the assumptions that would be applied by market participants. Additionally, for non-financial assets, the highest and best use of the assets and whether or not to be used on a stand-alone basis are also required to be determined.

In terms of the actual method used to measure fair value, IFRS 13 describes three valuation techniques an entity might use to determine fair value in the absence of directly observable transactions. The valuation technique should be selected so as to maximise the use of relevant observable inputs and applied on a consistent basis.

IFRS 13 also requires enhanced disclosures on fair value measurements. With some exceptions, IFRS 13 requires entities to classify these measurements and disclosures into a three-level 'fair value hierarchy' based on the nature of the inputs:

- Level 1 – quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3 – unobservable inputs for the asset or liability.

The Standard requires prospective application from the beginning of the annual period in which it is adopted.

Amendments to IAS 1 *Presentation of Other Comprehensive Income*
Effective 1 July 2012
The amendments retain the option to present profit or loss and other comprehensive income in either a single continuous statement or in two separate but consecutive statements. However, items of other comprehensive income are required to be grouped into those that will and will not subsequently be reclassified to profit or loss with tax on items of other comprehensive income required to be allocated on the same basis.

The amendments are required to be applied on a full retrospective basis.

Amendments to IAS 12 *Income Taxes*

1 January 2012

The amendments provide an exception to the general principles of IAS 12 for investment property measured using the fair value model in IAS 40 *Investment Property* by the introduction of a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The amendments to IAS 12 require retrospective application.

Amendments to IAS 19 *Employee Benefits*

1 January 2013

The amendments to IAS 19 eliminate the 'corridor approach' and therefore require an entity to recognise changes in defined benefit plan obligations and plan assets when they occur. All actuarial gains and losses are required to be recognised immediately through other comprehensive income (OCI).

The amendments also introduce a new approach for the presentation of changes in defined benefit obligations and plan assets with changes being split into three components:

- Service cost – recognised in profit or loss and includes current and past service cost as well as gains or losses on settlements.
- Net interest – recognised in profit or loss and calculated by applying the discount rate at the beginning of the reporting period to the net defined benefit liability or asset at the beginning of each reporting period.
- Remeasurement – recognised in OCI and comprises actuarial gains and losses on the defined benefit obligation, the excess of the actual return on plan assets over the change in plan assets due to the passage of time and the changes, if any, due to the impact of the asset ceiling.

The amendments also require disclosure of any significant or unusual risks pertaining to the plan, separation of the extent of actuarial gains and losses arising from changes in financial assumptions from those arising from demographic assumptions, sub-division of plan assets into various classes including those assets for which there is no quoted market price and the provision of a sensitivity analysis in instances where a "reasonably possible" change would affect the defined benefit obligation.

The Standard is effective from 1 January 2013 on a retrospective basis with limited exception. Early application is permitted.

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

1 January 2013

IFRIC 20 applies to all types of natural resources that are extracted using a surface mining activity process, and addresses the following issues:

- recognition of production stripping costs as an asset –either in accordance with IAS 2 Inventories or as a non-current "stripping activity asset", depending on the form of benefit received;
- initial measurement of the stripping activity asset at cost; and
- subsequent measurement of the stripping activity asset at depreciated or amortised cost based on a systematic basis over the expected useful life of the identified component of ore body.

The Interpretation should be applied to production stripping costs incurred on or after the beginning of the earliest period presented.

Looking forward: status of current IASB projects

While there has been a considerable amount of standard-setting activity in 2011, there are still a number of significant projects which are in progress as of the date of this newsletter. The table below summarises the status of key projects in progress but, pending review of the input received in connection with the agenda consultation, it is possible that priorities may change and projects may be added or removed from the agenda during 2012. Additionally, future developments and expected issuances of new standard and exposure drafts are reflective of our expectations based on the best information available to us as at the date of this newsletter. Such expected future developments are however subject to change.

Project	Summary	IFRS in Focus Newsletter
Consolidation – Investment Entities	An exposure draft was issued proposing that investments held by "investment entities" as defined by the exposure draft should be measured at fair value rather than consolidated. The comment period closes on January 5, 2012.	September 2011
Financial Instruments	The IASB's financial instrument project is being addressed in phases: Classification and Measurement, Impairment, Hedge Accounting and Offsetting of Financial Assets and Liabilities. An exposure draft on hedge accounting was issued in December 2010, with a revised staff draft on the general hedge accounting model expected to be posted to the IASB website in the first quarter of 2012, and the exposure draft for macro hedge accounting will follow in mid-2012. The final amendments to the offsetting rules were issued in December 2011. The effective date of IFRS 9 has been postponed to 1 January 2015. The IASB indicated that they will consider limited improvements to IFRS 9 over the next few months.	July and November 2009 August 2011
Insurance Contracts	An exposure draft was issued proposing a single IFRS that all insurers, in all jurisdictions, could apply to all contract types on a consistent basis. The IASB expects to publish a revised exposure draft during the first half of 2012.	August 2010
Leases	An exposure draft was issued proposing significant changes to lease accounting for both lessors and lessees. The IASB expects to publish a revised exposure draft in the first half of 2012.	August 2010
Revenue Recognition	The revised exposure draft was issued in November 2011 as the next step in developing an entirely new revenue recognition standard. The comment period closes 13 March 2012, with a final standard expected at the end of 2012.	November 2011
Agenda Consultation	The IASB issued a request seeking feedback on the IASB's future strategic priorities and those areas of financial reporting that should be given the highest priority for further improvement. The consultation period has now ended and a comment analysis is expected from the IASB during the first half of 2012.	July 2011

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